

PUBLIC DISCLOSURE

May 11, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

BANKFIVE

Cert # 23286

**79 NORTH MAIN STREET
FALL RIVER, MA 02720**

**Division of Banks
1000 Washington Street
Boston, MA 02118**

NOTE:	This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.
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GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Massachusetts Division of Banks (“Division”) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **BankFive (or the “Bank”)**, prepared by the Division, the institution's supervisory agency as of **May 11, 2015**. The agency evaluates performance in the assessment area as it is delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated “High Satisfactory”

An institution in this group has a good record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The assigned rating is based on the results of two performance tests: the Lending Test and the Community Development Test. The Bank's performance under each of these two tests is summarized below:

Lending Test: “Satisfactory”

- BankFive's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of its assessment area.
- A majority (74.3 percent) of the Bank's residential loans and small business loans are inside the assessment area.
- The geographic distribution of loans reflects an excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, a reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The Bank has not received any CRA-related complaints since the last CRA evaluation.

Community Development Test: “Outstanding”

The institution demonstrates excellent responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services, considering its capacity and the need and availability of such opportunities for community development in the assessment area.

SCOPE OF THE EXAMINATION

Intermediate Small Bank (ISB) CRA procedures were utilized for the evaluation. These procedures utilize two performance tests: the Lending Test and the Community Development Test. This evaluation considered the Bank's lending and community development activities for the period of March 27, 2012 through May 11, 2015. The data and applicable timeframes for the Lending Test and the Community Development Test are discussed below.

The Bank is primarily a real estate secured lender. This is reflected in the Bank's most recent Consolidated Report of Condition and Income (Call Report) as of March 31, 2015, which shows that 82.2 percent of the Bank's loan portfolio is secured by real estate. For purposes of this evaluation, greater emphasis is placed on the Bank's residential lending performance as it was the Bank's primary lending focus throughout the evaluation period. Small farms loans and consumer loans were not analyzed as part of this evaluation as these loans also do not constitute a substantial portion of the Bank's loan portfolio or recent lending activity.

The Lending Test focused on home mortgage and small business lending. Home mortgage lending data analyzed included full-year data from January 1, 2013 through December 31, 2014. Information related to home mortgage lending was derived from the Loan Application Registers (LARs) maintained by the Bank, pursuant to the Home Mortgage Disclosure Act (HMDA). The LARs contain data about home purchase and home improvement loans, including refinancing of one- to four-family and multifamily properties (five or more units). The evaluation emphasized the Bank's home mortgage lending performance in 2013 as this is the most recent year for which aggregate lending data is available. The Bank's home mortgage lending performance is compared with aggregate HMDA data, which is a measure of home mortgage loan demand. Aggregate lending data reflects the lending activity of all HMDA reporting lenders that originated at least a single home mortgage in the Bank's designated assessment area. The Bank's home mortgage lending performance was also compared with demographic data. Home mortgage lending data for 2014 is illustrated in the Bank's lending data; however, the Bank's 2013 performance is more heavily weighted for the purpose of assigning a rating.

Small business lending data was also analyzed. Small business loans for the purpose of this evaluation are defined as commercial real estate loans and commercial and industrial loans with original balances of \$1 million or less. As an ISB, the Bank is not required to collect and report small business loan data. The Bank's small business loan data was derived from internal reports of originated small business loans in 2013 and 2014. In 2013 the Bank originated 113 loans totaling \$15.8 million and in 2014 the Bank originated 104 loans totaling \$18.4 million in the Bank's assessment area. The Bank's 2014 small business lending performance is focused on as this is the most recent full-year lending data available. The Bank's small business lending performance is compared to pertinent 2014 demographic information.

The Community Development Test included an analysis of the Bank's qualified community development loans, investments, and services from March 27, 2012 through May 11, 2015. Qualified community development grants and donations for the same period were also included. Qualified equity investments currently held by the Bank were also included regardless of investment date. The investments were valued at the March 31, 2015 book value.

Demographic information is from the 2010 U.S. Census Data unless otherwise noted. Financial data was derived from the March 31, 2015 Report of Condition and Income (Call Report).

PERFORMANCE CONTEXT

Description of Institution

BankFive was established in 1855 as a Massachusetts chartered savings bank mutual holding company. BankFive Corporation is a wholly owned subsidiary of the BankFive Mutual Holding Inc., a one bank mutual holding company that was set up for different lines of businesses. In addition to its main office, located at 79 North Main Street in Fall River, the Bank operates 12 branch offices located in Dartmouth; Fairhaven; Fall River (5); New Bedford (2); Somerset and Swansea, all located in Massachusetts and one branch located in Bristol, Rhode Island. The Bank also operates a loan production office in Taunton, Massachusetts and Cranston, Rhode Island, both located in middle-income census tracts. The loan production offices are open by appointment only. The main office and three of the branches are located in low-income census tracts, Fall River (2) and New Bedford; two branches are located in moderate-income census tracts, Fall River and New Bedford; five branches are located in middle-income census tracts and two branch offices are located in upper-income census tracts. All branches are equipped with 24 hour automated teller machines (ATMs) and 12 of the 13 locations have drive-up facilities and two have walk-ups. The Bank has 14 ATMS, 12 are deposit taking and nine are connected to SUM[®], an alliance between many community banks that have agreed not to assess ATM surcharge fees to any of the other member banks' customers. Since the previous examination the Bank opened one branch (Bristol, RI) and the two Loan Production offices; and closed one branch (New Bedford).

BankFive is a full-service financial institution that offers a wide variety of products and services. The Bank offers a variety of residential mortgage loans including fixed, adjustable, first time homebuyer mortgages, residential construction loans, MassHousing loans, home equity lines of credit and home equity loans. The Bank offers commercial and small business loans for the purchase or refinance of commercial real estate loans, business lines of credit, business construction loans, SBA loans and Express5 loans. The Bank also offers deposit products and services including checking accounts, savings accounts, money market accounts, certificates of deposit and ATM and debit cards. Services for businesses include business checking, business credit card, money market, remote deposit capture and cash management. Other services include mobile web and text banking for balance inquiry, transferring funds between accounts and reviewing recent activity, view transaction history, locate branches or ATMs, deposit checks, pay bills, view copies of cleared checks and account access 24 hours a day, 7 days a week.

As of March 31, 2015, the Bank had total assets of \$800 million and total deposits of \$686 million. Total loans were \$545 million and represented 68.1 percent of total assets. The Bank's net loan-to-deposit ratio, as of the same date, was 78.4 percent. Since the last CRA evaluation, the Bank's assets have increased from \$720 million to \$800 million or 9.0 percent.

BankFive is primarily a residential lender with a majority of the loan portfolio secured by residential properties. As noted in Table 1, approximately 41.1 percent of the loans are secured by residential one to four-family properties, followed by commercial real estate loans at 28.4 percent and multi-family residential loans at 10.2 percent. Loans secured by commercial and industrial accounted for 11.6 percent of the loan portfolio, while agricultural loans represent 5.1 percent of loans. Total real estate loans account for 82.2 percent of the total loan portfolio.

Table 1 illustrates the current distribution of the Bank's loan portfolio.

Table 1		
Loan Distribution as of March 31, 2015		
Loan Type	Dollar Amount (000's)	Percent of Total Loans
Construction, Land Development and Other Land Loans	12,890	2.4
1-4 Family Residential Properties	224,017	41.1
Farmland	469	0.1
Multi-Family (5 or more) Residential	55,322	10.2
Commercial	154,784	28.4
Total Real Estate Loans	447,482	82.2
Agricultural	27,594	5.1
Commercial and Industrial	63,315	11.6
Consumer	6,219	1.1
Total Loans	544,610	100.0

Source: Report of Condition and Income (Call Reports) March 31, 2015

The Division last evaluated the Bank's CRA performance as of March 26, 2012 and assigned a rating of "Outstanding."

There are no apparent financial or legal impediments that would limit the Bank's ability to help meet the credit needs of its assessment area. Based upon the Bank's asset size, product offerings, and branch network, its ability to meet the community's credit needs remains strong.

Description of Assessment Area

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The Bank's assessment area as currently defined meets the technical requirements of the CRA regulation since it: (1) consists of one or more political subdivisions, (2) includes the geographies where the Bank has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the institution originated a substantial portion of its loans, (3) consists of whole census tracts, (4) does not extend substantially beyond state boundaries, unless otherwise permitted by the regulation, (5) does not reflect illegal discrimination, and (6) does not arbitrarily exclude low- and moderate-income areas.

The Bank's assessment area contains 24 cities and towns located in Massachusetts and Rhode Island all located within Bristol, Plymouth and Newport Counties. The following cities and towns are in Bristol County: Acushnet, Berkley, Dartmouth, Dighton, Fairhaven, Fall River, Freetown, New Bedford, Rehoboth, Seekonk, Somerset, Swansea, Taunton and Westport, all located in Massachusetts; and Barrington, Bristol and Warren, all located in Rhode Island. Plymouth County's cities and towns are: Lakeville, Marion, Mattapoisett and Rochester. Newport County includes: Little Compton, Portsmouth and Tiverton, all located in Rhode Island.

To assess the Bank's lending performance for this evaluation, consideration is given to demographic data in the assessment area. Refer to Table 2 for pertinent demographic information about the assessment area.

Table 2 Demographic Information					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	122	17.2	23.8	36.1	22.9
Population by Geography	510,592	12.9	19.4	38.6	29.1
Owner-Occupied Housing by Geography	127,968	5.2	14.4	44.8	35.6
Distribution of Families by Income Level	134,033	24.0	17.0	20.8	38.2
Distribution of Households by Income Level	200,570	28.0	14.5	16.6	40.9
Business Geography	33,106	13.6	14.5	38.3	33.6
Median Family Income (MFI)		\$70,966	Households Below Poverty Level Median Housing Value Unemployment Rate (2010 U.S. Census Data)		
HUD Adjusted MFI (2013) (Bristol County)		\$71,100			13.1%
HUD Adjusted MFI (2013) (Plymouth County)		\$88,000			\$333,642
HUD Adjusted MFI (2013) (Newport County)		\$71,100			
Families Below Poverty Level		9.0%			8.5%

Source: 2010 U.S. Census Data, 2013 FFIEC-Updated MFI and 2014 Dunn & Bradstreet Data

Economic and Demographic Data

As the data in Table 2 shows, the Bank's assessment area consists of 122 census tracts, of which there are 21 low-income census tracts, 29 moderate-income census tracts, 44 middle-income census tracts, and 28 upper-income census tracts. The 21 low-income census tracts are located in Fall River (9), New Bedford (10) and Taunton (2) and the 29 moderate-income census tracts are located in Fall River (9), Fairhaven (1), New Bedford (14) and Taunton (2) all located in Massachusetts; and Bristol, Tiverton and Warren all located in Rhode Island.

The assessment area has a total population of 510,592 residing in 134,033 families. Of all family households in the area, 24.0 percent are low-income, 17.0 percent are moderate-income, 20.8 percent are middle-income, 38.2 percent are upper-income and 9.0 percent are families below the poverty level. Of the 200,570 households, 56,157 or 28.0 percent are low-income and 29,070 or 14.5 percent are moderate-income and 26,197 or 13.1 percent are households that are below the poverty level. This poverty rate typically indicates a reduced ability to secure a mortgage loan, thereby reducing a financial institution's ability to penetrate these markets through residential loan products.

The assessment area consists of 221,735 total housing units, of which 127,968 or 57.7 percent are owner-occupied, 72,602 or 32.7 percent are rental units and 21,165 or 9.6 percent are vacant units. Of the 127,968 owner-occupied housing units, 6,606 or 5.2 percent are in low-income census tracts and 18,399 or 14.4 percent are in moderate-income census tracts. The median housing value in 2010 for the assessment area was \$333,642, and the median age of the housing stock was 52 years.

The 2014 Business Geo-demographic Data shows there are 33,106 businesses in the assessment area, of which 73.5 percent have gross annual revenues of \$1 million or less, 4.7 percent have gross annual revenues greater than \$1 million, and the remaining 21.8 percent have unknown revenues. Of total businesses in the assessment area, 13.6 percent are in low-income census tracts, 14.5 percent are in moderate-income census tracts, 38.3 percent are in middle-income tracts, and 33.6 percent are in upper-income tracts. The highest proportion of these business establishments are engaged in the services industry (41.4 percent). Retail trade (14.2 percent), non-classifiable establishments (11.0 percent) and construction (9.9 percent) make up a significant share of the establishments. In terms of employees, approximately 66.2 percent of the area's businesses employ four or fewer people. Included among the largest employers in the assessment area are Bristol Community College, General Dynamics, St Luke's Hospital and Home Depot. As of March 31, 2015, the unemployment rate for some of the cities and towns in the Bank's assessment area, per the Massachusetts

Executive Office of Labor and Workforce Development were: Fairhaven 6.6 percent; Fall River 10.1 percent; Lakeville 4.6 percent; Mattapoisett 5.5 percent; New Bedford 9.5 percent and Taunton 6.3 percent.

The Bank faces strong competition from other financial institutions that originated loans within the assessment area. These institutions range in size from small credit unions and mortgage companies with single office locations to the largest banks in New England. Among the more prominent lenders competing with the Bank are St. Anne's Credit Union, Bay Coast Bank, Mechanics Bank, HarborOne Bank and Bridgewater Savings Bank. The 2013 aggregate lending data shows that 353 lenders originated 17,890 residential mortgage loans in the Bank's assessment area. BankFive ranked 18th with a 1.7 percent market share. The top three lenders consisted of Wells Fargo Bank with 7.0 percent, St. Anne's Credit Union with 6.3 percent and JP Morgan Chase Bank with 4.9 percent.

The assessment area has no one primary credit need. The area's residents need a variety of retail loan products to meet personal needs and an array of home financing programs for the purchase, construction, improvement, or refinance of a residence. The area's business base also requires numerous commercial credit options to meet a wide variety of financing purposes.

Community Contact

As part of the evaluation process, third parties active in the assessment area are contacted to assist in assessing the credit and community development needs of the community. The information obtained helps to determine whether local financial institutions are responsive to the credit and community development needs of the communities, and what credit and community development opportunities, if any, are available.

A community contact was conducted with a non-profit housing agency whose purpose is exclusively for education and charitable purposes; to produce and to advocate for the production of affordable housing; to prevent loss of, or displacement from existing housing; to eliminate discrimination in housing and to bring together diverse groups and individuals to aggressively work towards solutions. The contact stated the need for financial literacy, community related development projects and small business loans. The contact stated that community banks play a vital role in helping communities prosper and have done so by sponsoring or providing funding, grants and home consortiums as well as presenting financial literacy programs. The contact stated the area is still struggling with unemployment, underemployment and an opiate crisis. Overall, the contact was very pleased with the responsiveness of the local community banks to the area's credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

LENDING TEST

The Lending Test addresses BankFive's record of meeting the credit needs of its designated assessment area through consideration of the institution's home mortgage and small business lending. The institution's lending performance is evaluated pursuant to the following criteria: 1) the average net loan-to-deposit (LTD) ratio since the previous evaluation; 2) the concentration of lending within the assessment area; 3) the dispersion of loans to borrowers and small businesses in low-, moderate-, middle- and upper-income geographies in the assessment area; 4) the distribution of loans among borrowers of low-, moderate-, middle- and upper-income levels and businesses of revenue sizes; and 5) the response to CRA complaints.

The Bank's overall performance with respect to the Lending Test is Satisfactory. The following sections discuss the analysis and conclusions regarding the Bank's performance under each criterion.

LOAN-TO-DEPOSIT ANALYSIS

This performance criterion determines what percentage of the Bank's deposit base is reinvested in the form of loans and evaluates its appropriateness. The average net loan-to-deposit ratio serves as a measure of the institution's distribution of loans with respect to deposits. These ratios are based on total loans, net of unearned income and net of the allowance for loan and lease losses, as a percentage of total deposits. The average net loan-to-deposit ratio since the previous evaluation is reasonable given the institution's size, financial condition, and assessment area credit needs.

The Bank's net LTD ratio, as calculated from Call Report data, averaged 79.2 percent over the past 13 calendar quarters from March 31, 2012 through March 31, 2015. The ratio ranged from a low of 76.7 percent as of March 31, 2012, to a high of 82.0 percent as of December 31, 2012, having remained constant during the evaluation period. Over the past 13 calendar quarters, assets have increased 9.9%, deposits have grown 10.7% and net loans increased 13.2%. Per Bank Management, the increase is due to the expansion of the commercial lending department, opening the loan production center in Taunton, hiring two new mortgage lenders, as well as competitive interest rates and products.

BankFive maintained a lower ratio to those of comparable institutions, as shown in the following table. The institutions were selected based on their asset size, geographic location, and loan portfolio composition.

Table 3		
Loan-to-Deposit Comparison		
Bank Name	Total Assets (000) as of 3/31/15	Average Net LTD Ratio 3/31/12 - 3/31/15
South Shore Bank	1,006,277	103.1
BankFive	800,201	79.2
Bank of Canton	629,599	90.9

Source: FFIEC Report of Condition and Income (Call Reports)

During the examination period the Bank sold 511 loans totaling \$97 million to Mass Housing, Fannie Mae and Federal Loan Home Bank. The Bank is a member of the Federal Home Loan Bank system and borrows funds to support additional loan commitments. The Bank also purchased 78 loans from Washington Trust and Leader Bank totaling \$43 million. This, in addition to the Bank's LTD ratio, demonstrates its willingness to reinvest in the community through its lending services.

ASSESSMENT AREA CONCENTRATION

This performance criterion evaluates whether the Bank is meeting the credit needs within its assessment area. The analysis includes both residential lending and small business lending.

Based on a review of home loan and small business data, a majority (74.3 percent) of the Bank's lending activity occurs within the institution's assessment area. The distribution of loans by number is weighted more in this analysis, as the number of loans correlates more closely to the number of individuals or families that were able to obtain home mortgage loans and is not skewed by large dollar amounts inside or outside the assessment area.

Table 4 illustrates the Bank's record of extending residential mortgage loans and small business loans inside and outside the assessment area by number and dollar amount over the period reviewed.

In 2014, the Bank began purchasing a high volume of loans from Leader Bank, resulting in a large percentage of the loans outside of the Bank's assessment area.

Table 4 Distribution of Loans Inside and Outside of Assessment Area										
Loan Category of Type	Number Loans					Dollar Volume				
	Inside		Outside		Total #	Inside		Outside		Total \$(000s)
	#	%	#	%		\$(000s)	%	\$(000s)	%	
2013										
Home Purchase	77	78.6	21	21.4	98	14,584	74.7	4,941	25.3	19,525
Refinance	124	93.2	9	6.8	133	24,520	92.1	2,108	7.9	26,628
Home Improvement	99	73.3	36	26.7	135	5,930	90.0	656	10.0	6,586
Total	300	82.0	66	18.0	366	45,034	85.4	7,705	14.6	52,739
2014										
Home Purchase	53	49.5	54	50.5	107	13,816	32.9	28,237	67.1	42,053
Refinance	59	71.1	24	28.9	83	12,013	48.5	12,761	51.5	24,774
Home Improvement	69	64.5	38	35.5	107	3,538	54.2	2,994	45.8	6,532
Total	181	60.9	116	39.1	297	29,367	40.0	43,992	60.0	73,359
Total Home Loans	481	72.5	182	27.5	663	74,401	59.0	51,697	41.0	126,098
2013 Small Business	113	81.9	25	18.1	138	15,881	71.1	6,448	28.9	22,329
2014 Small Business	104	75.4	34	24.6	138	18,411	64.0	10,334	36.0	28,745
Total Small Business	217	78.6	59	21.4	276	34,292	67.1	16,782	32.9	51,074
Grand Total	698	74.3	241	25.7	939	108,693	61.3	68,479	38.7	177,172

Source: 2013 and 2014 HMDA LARs and 2013 and 2014 Small Business Loans

GEOGRAPHIC DISTRIBUTION

The geographic distribution of loans was reviewed to determine how well the Bank is addressing the credit needs throughout the assessment area. This performance criterion focuses on the distribution of lending in the area's low- and moderate-income census tracts. Considering the Bank's assessment area demographics,

aggregate data, and performance context factors, the distribution of home mortgage and small business loans reflects excellent penetration in the low- and moderate-income geographies.

Home Mortgage Loans

For residential lending examiners looked at the number of loans in the census tracts and compared them to the aggregate data and the percent of total owner-occupied housing units with the emphasis on the low-and moderate-income census tracts.

As shown in Table 5, BankFive (9.3 percent) exceeded both the aggregate (4.6 percent) and owner occupied housing (5.2 percent) percentages within the low-income census tracts. Market share data for 2013 shows 830 loans were originated in low-income census tracts. BankFive ranked 9th originating 28 loans or 3.4 percent of the market share. Wells Fargo Bank ranked number one originating 60 loans for a market share of 7.2 percent followed by JP Morgan Chase Bank originating 52 loans with 6.3 percent of the market share and St. Anne's Credit Union originating 51 loans or 6.1 percent market share.

The Bank originated 16.3 percent of its HMDA reportable loans within moderate-income census tracts. This is higher than both the aggregate lending (12.6 percent) and the owner-occupied housing percentage (14.4 percent) within the assessment area. Market share data for 2013 shows 2,270 loans were originated in the moderate-income census tracts. BankFive ranked 13th with 49 loans and a market share of 2.2 percent. Wells Fargo Bank ranked number one with 181 loans or a market share of 8.0 percent, followed by St. Anne's Credit Union with 172 loans and a market share of 7.6 percent and Webster Bank ranked third with 119 loans and a market share of 5.2 percent.

Although the volume of loans decreased in 2014, the Bank was consistent with its strong lending performance in both the low-income census tracts at 11.1 percent and 18.8 percent in moderate-income census tracts. The geographic distribution of loans reflects an excellent dispersion throughout the assessment area.

Table 5						
Geographic Distribution - Home Mortgage Loans						
Census Tract Income Level	2013 Aggregate Lending	2013 Bank Lending		Owner-Occupied Housing Units	2014 Bank Lending	
	%	#	%		#	%
Low	4.6	28	9.3	5.2	20	11.1
Moderate	12.6	49	16.3	14.4	34	18.8
Middle	44.1	164	54.7	44.8	88	48.6
Upper	38.7	59	19.7	35.6	39	21.5
Total	100.0	300	100.0	100.0	181	100.0

Source: 2013 Aggregate Data, 2013 and 2014 HMDA LARs, and 2010 U.S. Census Data

Small Business Loans

The geographic distribution of small business loans reflects an excellent dispersion throughout the assessment area. The following table shows the Bank significantly exceeded the business demographics in both low- and moderate-income census tracts.

Table 6 Geographic Distribution - Small Business Loans			
Census Tract Income Level	2014 Businesses (% of #)	2014 Bank Data	
		#	%
Low	13.6	25	24.0
Moderate	14.5	24	23.1
Middle	38.3	36	34.6
Upper	33.6	19	18.3
Total	100.0	104	100.0

Source: 2014 D&B Data and 2014 Small Business Loans

BORROWER PROFILE

This performance criterion evaluates the distribution of the Bank's residential and small business loans based on borrower characteristics. Analyses were conducted of the Bank's residential mortgage loans inside the assessment area based on borrower income and the Bank's small business loans inside the assessment area based on size of business. For residential lending, emphasis is placed on loans to low- and moderate-income borrowers, and for small business lending, emphasis is placed on loans to businesses with gross annual revenues (GAR) of \$1 million or less. Based on the review of the HMDA LARs and the Bank's Small Business Loans, the Bank has achieved a reasonable penetration of loans among individuals of different income levels and businesses of different revenue sizes.

Home Mortgage Loans

As reflected in Table 7, the Bank's distribution of loans to low-income borrowers, at 8.0 percent, is higher than the aggregate of 5.6 percent. It is noted that lending to low-income borrowers was significantly lower than the percentage of low-income families (24.0 percent) in the area. However, for a significant portion of these low-income families qualifying for home mortgage loans is difficult, given the current economic environment. Market share data supports the Bank's performance under this criterion. In 2013, the Bank ranked 11th in lending to low-income borrowers at 2.4 percent. St. Anne's Credit Union ranked first originating 94 loans with a market share of 9.3 percent followed by Bank of America originating 68 loans with 6.7 percent and number three was Santander Bank with 5.4 percent originating 55 loans.

In 2013, the Bank originated 19.0 percent of total loans to moderate-income borrowers, which was higher than both the aggregate and demographics. BankFive ranked 12th originating 57 loans to moderate-income borrowers with a market share of 1.9 percent. St. Anne's Credit Union ranked number one originating 235 loans with a market share of 7.7 percent followed by Wells Fargo Bank originating 217 loans with a market share of 7.1 percent and JP Morgan Chase Bank ranked third originating 156 loans with a market share of 5.1 percent.

Although the volume of lending decreased in 2014, the Bank continues making loans to low- and moderate-income borrowers. The Bank originated 11 or 6.1 percent of loans to low-income borrowers and 46 loans or 25.4 percent to moderate-income borrowers.

Table 7 Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	2013 Aggregate Lending	2013 Bank Lending		% of Total Families	2014 Bank Lending	
	%	#	%		#	%
Low	5.6	24	8.0	24.0	11	6.1
Moderate	17.0	57	19.0	17.0	46	25.4
Middle	25.0	77	25.7	20.8	55	30.4
Upper	39.3	105	35.0	38.2	51	28.2
N/A	13.1	37	12.3	0.0	18	9.9
Total	100.0	300	100.0	100.0	181	100.0

Source: 2013 Aggregate Data, 2013 and 2014 HMDA LARs, and 2010 U.S. Census Data

BankFive has made positive efforts to address the credit needs of low- and moderate-income borrowers. The Bank offers first-time homebuyer mortgages. During the evaluation period, the Bank originated 36 first time homebuyer loans totaling \$7 million to low-and moderate-income borrowers. The Bank originates loans through the MassHousing and Fannie Mae loan programs. MassHousing and Fannie Mae offer a variety of loan programs geared toward low- and moderate-income borrowers which feature competitive interest rates and flexible underwriting standards.

Small Business Loans

The distribution of small business loans in the Bank's assessment area reflects an adequate distribution of lending to business with GARs of \$1 million or less. In 2014, the Bank originated 57.7 percent of small business loans to businesses with revenues less than or equal to \$1 million.

Table 8 Distribution of Small Business Loans by Revenues			
GARs \$(000s)	2014 Businesses (% of #)	2014 Bank Data	
		#	%
≤ \$1,000	73.5	60	57.7
> \$1,000	4.7	44	42.3
Not Reported	21.8	0	0.0
Total	100.0	104	100.0

Source: 2014 D&B Data and 2014 Small Business Loans

RESPONSE TO CRA COMPLAINTS

The Bank has not received any CRA-related complaints during the evaluation period. As a result, this performance criterion is not applicable.

COMMUNITY DEVELOPMENT LENDING

The Community Development Test evaluates the Bank's responsiveness to the community development needs of its assessment area through the provision of community development loans, qualified investments, and community development services as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area(s). The Bank's community development performance demonstrates an excellent responsiveness to the community development needs of its assessment area.

Community Development Loans

For the purpose of this evaluation, a community development loan is a loan that: (1) has community development as its primary purpose, (2) has not already been reported by the Bank for consideration under small business or home mortgage lending (unless it is a multi-family dwelling loan), and (3) benefits the Bank's assessment area or a broader statewide or regional area that includes the Bank's assessment area.

During the evaluation period, the Bank originated 27 community development loans totaling \$8.6 million. During the previous CRA evaluation period, the Bank originated 53 community development loans totaling \$17.8 million.

Listed below are the qualified community development loans made during the evaluation period:

- On August 1, 2012, the Bank originated a \$500,000 loan to a local business owner for the development of a new business in a moderate-income census tract that will create employment opportunities and contribute to the overall economic development of the community.
- On August 16, 2013, the Bank originated a loan in the amount of \$862,000 to a non-profit organization for the purchase of a commercial building that will be used for conferences and retreats for youth and women's groups. The goal of the organization is to establish a school for the benefit of impoverished children by providing children with a quality education that will provide them with the tools to become productive citizens.
- On November 14, 2013, the Bank originated a \$2 million loan for the construction of a 120 unit complex for elderly housing of which 96 units are reserved for low-income tenants.
- On November 20, 2014, the Bank originated a \$1 million loan to a non-profit community development financial institution for the financing of a charter school serving predominately low-income students and schools in communities with poor performing traditional schools.
- A substantial majority of the Bank's community development loans were to for-profit real estate investors and are secured by multifamily housing. These loans went towards the purchasing, refinancing, and home improvement of these properties. Each of these properties offers affordable rental units for individuals and families in the community. During the evaluation period the Bank originated 20 loans totaling \$3.4 million.
- The Bank provided three SBA 504 loans totaling \$784,285 to local businesses. The U.S. Small Business Administration 504 Loan program is designed to provide financing for the purchase of fixed assets, (real estate, buildings, and machinery). The development of these businesses will create employment opportunities and contribute to the overall economic development of the community.

Community Development Investments

A qualified investment for the purposes of this evaluation is a lawful investment, deposit, donation, or grant that has community development as its primary purpose.

The Bank's total investments and donations during the evaluation period was \$17.4 million representing a significant increase over the prior evaluation when the total was \$9.8 million. This figure includes the current book value (March 31, 2015) of two new and one existing qualified investments, as well as charitable donations made to qualified organizations during the time period of the examination.

Equity Investments

On January 12, 2015, the Bank purchased a \$3.5 million Mass Development tax exempt bond for a non-profit organization that will be providing health and social services to predominately low-income youths, families and individuals. The proceeds of the bond are to finance the acquisition and building of a full-service facility that will nurture everyone from school age children with child care and summer camp to aiding seniors to stay healthy.

During the evaluation period, the Bank invested \$3.9 million into the Small Business Investment Company (SBIC) Program, administered by the Small Business Administration (SBA). The SBIC Program is an investment program that was created to bridge the gap between entrepreneurs need for capital and traditional sources of financing. Through this Program, loans are made to small businesses of which 22 percent were made to low-to-moderate income census tracts and 8 percent were made to women, minority or veteran owned businesses that benefitted the Bank's assessment area. As of March 31, 2015, the Bank's total investment in the SBIC Program is \$13.7 million.

Qualified Donations

The Bank donated \$667,359 to charitable organizations from March 27, 2012 through May 11, 2015. Of this total, \$234,408 or 35.1 percent was qualified CRA contributions. The last examination the Bank made 84 donations totaling \$195,325. These funds primarily support organizations that provide community services to low- and moderate-income individuals and families.

Table 9 details all qualified donations made during the review period by year and community development category.

Table 9 Qualified Community Development Grants and Donations								
Activity Year	Qualifying Category						Totals	
	Affordable Housing for LMI		Community Services Targeted to LMI		Economic Development/Revitalize Targeted to LMI Census Tracts			
	#	\$	#	\$	#	\$	#	\$
2012	3	1,350	26	41,500	2	3,250	31	46,100
2013	9	11,300	25	46,233	5	30,100	39	87,633
2014	3	2,250	28	55,489	5	15,817	36	73,556
YTD 2015	0	0	4	15,000	4	12,119	8	27,119
Total	15	14,900	83	158,222	16	61,286	114	234,408

Source: Internal Bank Records

A sample of the organizations receiving benefit of the donations are listed below:

Women's Fund-Life Work Project – The Life Work Project is a three year program that provides a supportive ladder up out of poverty for low-income women enrolled at Bristol Community College, predominately single mother heads of household to complete a career focused educational training program utilizing concrete goal-setting and incentives aimed at sustainable employment.

Children's Advocacy Center of Bristol County (CAC) - CAC of Bristol County is a child centered facility to assist child victims of abuse and their families. The center tracks cases of child abuse and provides education on child abuse prevention along with community outreach.

Nativity Preparatory School of New Bedford – Nativity Prep is an independent, tuition-free middle school for boys from low-income families in the New Bedford area. No tuition is charged and funds are raised through contributions from friends, sponsors, corporations, and foundations.

Steppingstone Inc. – The mission of this organization is to enrich the quality of life of individuals and families through providing comprehensive client-centered programs and services that enhance their well-being and promote independence. They provide apartments to disabled homeless and chronic homeless individuals and families.

Pro-Home, Inc. – Pro-Home is exclusively for education and charitable purposes to produce and advocate for the production of affordable housing; to prevent loss of or displacement from existing housing; to eliminate discrimination in housing and to bring together diverse groups and individuals to aggressively work towards solutions.

Community Development Services

A community development service is a service that has community development as its primary purpose and is generally related to the provision of financial services or technical services or assistance. Officers and employees of the Bank are involved in local community development and non-profit organizations in various capacities. Bank personnel provided these organizations with financial and management expertise while serving as directors, officers, loan committee members and volunteers.

The following illustrates notable examples of the Bank's community development services:

Salvation Army (Fall River) – This organization assists millions of homeless, working poor, children, youth, addicted, elderly and abused families and individuals. The Vice President is on the Advisory Board and is also a member of the Finance Committee.

Workforce Investment Board – The Board is comprised of leaders from business, education, government, labor and the community. This organization provides education and training programs to low-income residents in the Fall River and Taunton area. The Senior Vice President is the Treasurer and a Member of the Board of Directors.

Citizens for Citizens, VITA Program – The VITA Program assists in preparing income tax returns, free of charge, for low- and moderate-income individuals. The Banking Officer and the Vice President/Controller are volunteers.

Child and Family Services – Child and Family Services strengthens families and the communities in which they live. Their mission is to heal and strengthen the lives of children and families. A Senior Vice President

is the Chairman. First Vice President/Commercial Services is the Treasurer, Board Member and a member of the Finance Committee.

Heart of Taunton, Inc. (HOT) – HOT is a privately funded, non-profit organization dedicated to downtown Taunton's improvement. Their mission is to serve as a key facilitator of local, regional and national relationships and resources to transform Taunton's downtown into a regional destination for commerce and culture. A Mortgage Originator is Chairman.

Family Service Association (FSA) of Greater Fall River – FSA is a social service and counseling agency concentrating on the development of programs involving elder services, family life education, parent enrichment, outreach programs to children in the housing projects and counseling. A Senior Vice President is Chairman.

South Eastern Economic Development Corporation (SEED) – This non-profit economic organization focuses on assisting and supporting small businesses during their start-up phase to help secure traditional financing and promoting the expansion of existing businesses by working with lending institutions to provide the best possible financing package. The Vice President of Commercial Services is a Member of the Loan Committee and a Senior Vice President is a Board Member.

SER Jobs for Progress – This organization provides necessary skills in order to place individuals in the workforce, ranging from GED programs to detailed training, including English as a second language. The First Vice President of Retail Administration is the Treasurer and Board Member.

Educational Services and Seminars

Bank officers have participated in seminars and other events sponsored by the Bank during the evaluation period. These events provide opportunities for Bank representatives to inform those in attendance about the products and services offered by the Bank and to gain information about unmet credit needs in the assessment area. The following is a sample of seminars and events performed by the Bank:

On July 24 and 26, 2012, the Bank participated with Neighborhood Housing Services of the South Shore to present a first time homebuyer seminar. The two part seminar's topics included: the home buying process and terminology; how to locate a property in your price range; which mortgage program is right for you; down payment and closing cost assistance grants, and talk with real estate agents, home inspectors, homeowner insurance agents and legal professionals.

On June 1, 2013, the Bank sponsored an eight hour class to more than 40 first time homebuyers. Presenters included a home inspector; a lead paint inspector; a local real estate attorney; an insurance agent; a local real estate agent and a credit counselor.

On February 3 and 5, 2015, the Bank participated with the Office of Housing and Community Development in New Bedford and presented a first time homebuyer seminar. Topics included: budgeting and credit; home inspections; obtaining a mortgage; city and state first time homebuyer programs and successful homeownership.

On May 18 and 20, 2015, in conjunction with the Fall River Housing Corporation, the Bank presented two seminars to provide first time homebuyers with information about what they need to know when purchasing a home. Topics discussed included: budgeting and credit; the housing search process; lead paint issues; home inspections; obtaining a mortgage; legal issues and successful home ownership.

During the evaluation period the Bank's management and staff routinely provided financial literacy training using the FDIC's Money Smart Program. The Money Smart Program is a comprehensive financial education curriculum designed to help low- and moderate-income individuals enhance their financial skills and create positive banking relationships. Some of the organizations that attended these classes were: Fall River Boys and Girls Club; Citizens for Citizens; People Inc.; Community Learning Center; Deaconess Home for Girls; People Acting in Community Endeavors (PACE); South Coast Educational Collaborative and Fall River Housing Authority.

Other Community Services

The Bank designed their own version of the FDIC Small Dollar Federal Loan Program called the Affordable Smart Dollar Loan Program that helps borrowers build their credit and save money. Subject to credit approval: loan amounts are up to \$1,000; no origination fees; no prepayment penalties; low fixed interest rate (interest rates set to Wall Street Journal Prime rate at time of closing which will never be less than 5 percent or higher than 18 percent per annum); and terms are up to 36 months. A savings account is established whereby a minimum of \$10.00 will be deposited on a monthly basis. This amount will be included in the monthly loan payment. Interest will be earned in accordance with the terms of the Bank's regular savings account program. During the evaluation period, the Bank originated 16 loans totaling \$15,250.

The Bank has also created the Express5 Business Loan. Express5 is a special loan that can expand and support small businesses to be used for commercial loans, commercial mortgages or overdraft lines of credit. It is a very simple process with minimal documentation; quick decision making, often under 24 hours; closings are done at a branch office and loans are up to \$100,000. During the evaluation period the Bank originated 170 loans totaling \$6.1 million.

The Bank is a member of the Federal Home Loan Bank and has been approved for the Equity Builder Program. The Equity Builder Program (EBP) offers members grants to provide households with incomes at or below 80 percent of the area median income with down-payment, closing-cost, home-buyer counseling, and rehabilitation assistance. During the exam period the Bank closed two loans totaling \$25,000.

The Bank participates in the Interest on Lawyers' Trust Accounts (IOLTA). Lawyers place large client deposits, such as escrow accounts, in interest bearing accounts, with the interest to be paid to the client. Deposits that would individually be too small or too short-term to generate interest are pooled into IOLTA accounts. Interest earned on the account is utilized to help fund improvements in the administration of justice and delivery of legal services to low-income clients.

The Bank participates in the Massachusetts Community and Banking Council's (MCBC) Basic Banking in Massachusetts program. This statewide program is designed to offer low cost checking and savings accounts to low- and moderate-income individuals.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

APPENDIX A

Fair Lending Policies and Practices

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106.

The Bank has a written Fair Lending Policy.

The Bank provides ongoing educational opportunities to employees, members of the Board and management on fair lending regulations.

The Bank employs a second review process.

The Bank makes exceptions to the loan policy.

MINORITY APPLICATION FLOW

The Bank's HMDA LARs for 2013 and 2014 were reviewed to determine if the application flow from the different racial groups within the Bank's assessment area was reflective of the assessment area's demographics.

According to the 2010 U.S. Census Data, the Bank's assessment area contained a total population of 510,592 individuals of which 13.4 percent are minorities. The assessment areas minority and ethnic population is 2.6 percent Black/African American, 1.3 percent Asian, 0.2 percent American Indian, 0.0 percent Hawaiian/Pacific Islander, 5.8 percent Hispanic or Latino and 3.5 percent other.

In 2013, the Bank received 417 HMDA reportable loan applications from within its assessment area. Of these applications, 14 or 3.4 percent were received from minority applicants, of which 7 or 50.0 percent resulted in originations. The aggregate received 24,567 HMDA reportable loan applications of which 850 or 3.5 percent were received from minority applicants and 517 or 60.8 percent were originated. For the same time period, the Bank also received 13 or 3.1 percent of applications from ethnic groups of Hispanic origin within its assessment area of which 6 or 46.2 percent were originated versus the aggregate that received 567 applications or 2.3 percent of which 367 or 64.7 percent were originated.

For 2014, the Bank received 298 HMDA reportable loan applications from within its assessment area. Of these applications, 15 or 5.0 percent were received from minority applicants, of which 9 or 60.0 percent resulted in originations. For the same time period, the Bank received 4 or 1.3 percent of applications from ethnic groups of Hispanic origin within its assessment area of which 0 or 0.0 percent were originated.

The Bank's level of lending was compared with that of the aggregate's lending performance level for the most recent year that data was available, the year 2013. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants. Refer to Table 10 for information on the Bank's minority application flow as well as the aggregate lenders (excluding the Bank) in the Bank's assessment area.

Table 10 MINORITY APPLICATION FLOW					
RACE	Bank 2013		2013 Aggregate Data	Bank 2014	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.2	0	0.0
Asian	1	0.2	0.8	3	1.0
Black/ African American	8	1.9	1.6	6	2.0
Hawaiian/Pacific Islander	3	0.7	0.1	0	0.0
2 or more Minority	0	0.0	0.0	0	0.0
Joint Race (White/Minority)	2	0.5	0.8	6	2.0
Total Minority	14	3.4	3.5	15	5.0
White	360	86.3	79.1	248	83.2
Race Not Available	43	10.3	17.4	35	11.8
Total	417	100.0	100.0	298	100.0
ETHNICITY					
Hispanic or Latino	7	1.7	1.6	4	1.3
Not Hispanic or Latino	362	86.8	80.4	258	86.6
Joint (Hisp/Lat /Not Hisp/Lat)	6	1.4	0.7	0	0.0
Ethnicity Not Available	42	10.1	17.3	36	12.1
Total	417	100.0	100.0	298	100.0

Source: US Census 2010, HMDA LAR Data 2013 and 2014, HMDA Aggregate Data 2013

The Bank's minority application flow, when compared to the aggregate's lending performance levels and the assessment area demographics, is reasonable for the aggregate lending and the demographics of the assessment area.

APPENDIX B

Glossary

Affordable Housing: In general, housing for which the occupant pays no more than 30 percent of his income for gross housing costs, including utilities. Some jurisdictions may define affordable housing based on other, locally determined criteria; therefore, this definition serves solely as an approximate guideline or general rule of thumb.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank in accordance with the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county. Census tract boundaries normally follow visible features, but may follow governmental unit boundaries and other non-visible features in some instances; they always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSA): Two or more adjacent CBSAs that have substantial employment interchange. The CBSAs that combine to create a CSA retain separate identities within the larger CSA.

Community Development: For loans, investments, and services to qualify for consideration as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved non-metropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties located in designated target areas.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community as well as to the financial and marketing needs of the bank. A CDC may purchase, own, rehabilitate, construct, manage and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take

advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements, which include: having a primary mission of promoting community development; serving an investment area or target population; providing development services; maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means; and not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that (1) has as its primary purpose community development; and (2) except in the case of a wholesale or limited purpose bank: (i) has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and (ii) benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

Community Development Service: A service that (1) has as its primary purpose community development; (2) is related to the provision of financial services; and (3) has not been considered in the evaluation of the bank's retail banking services under §345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Areas (CBSAs): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

D&B: A provider of business information in the United States and worldwide.

Distressed Middle-Income Non-metropolitan Geographies: A non-metropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average; (2) a poverty rate of 20 percent or more; or, (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the five-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

Family Income: Includes the income of all members of a family that are age 15 and older.

FFIEC-Adjusted Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: Performance under the applicable tests is analyzed considering performance context, quantitative factors (for example, geographic loan distribution, borrower profile loan distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans for the purchase of manufactured homes and re-financings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: Performance under the applicable tests is analyzed using only quantitative factors (for example, geographic loan distribution, borrower profile loan distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended, which is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department, through the Internal Revenue Service, distributes low-income housing tax credits to housing credit agencies. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits or sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains in place throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts; one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSAs associated with at least one urbanized area that has a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of geography.

Multi-family: Refers to a residential structure that contains five or more units.

Non-metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Other Products: Includes any unreported optional loan category for which the institution collects and maintains data for consideration during a CRA evaluation. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures, which are sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances; as a result, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments, which often give them partial ownership of those businesses, in the hope of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Non-metropolitan Geographies: A non-metropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks at 79 North Main Street, Fall River, MA 02720".

[Please Note: If the institution has more than one assessment area, each office (other than off premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.